

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**November 30, 2022**

The Charles, located at 551 Keyes Street in San Jose, requested and is being recommended for a reservation of \$4,188,983 in annual federal tax credits and \$5,907,677 in total state tax credits to finance the new construction of 97 units of housing serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Charities Housing Development Corporation of Santa Clara County and will be located in Senate District 15 and Assembly District 25.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers and HUD Rapid Re-Housing Project-based Vouchers.

**Project Number** CA-22-633

**Project Name** The Charles  
**Site Address:** 551 Keyes Street  
San Jose, CA 95112 County: Santa Clara  
**Census Tract:** 5031.12

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$4,188,983	\$5,907,677
Recommended:	\$4,188,983	\$5,907,677

\* The applicant made an election to sell (Certificate) all or any portion of the state credits.

**Applicant Information**

**Applicant:** Charities Housing Development Corporation of Santa Clara County  
**Contact:** Hai Nguyen  
**Address:** 1400 Parkmoor Ave, Suite 190  
San Jose, CA 95126  
**Phone:** 408-550-8314  
**Email:** hnguyen@charitieshousing.org

**General Partner(s) or Principal Owner(s):** Keyes Charities LLC  
**General Partner Type:** Nonprofit  
**Parent Company(ies):** CHDC of Santa Clara County  
**Developer:** CHDC of Santa Clara County  
**Bond Issuer:** City of San Jose  
**Investor/Consultant:** California Housing Partnership  
**Management Agent:** CHDC of Santa Clara County

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 99  
 No. / % of Low Income Units: 97 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax Exempt/HUD Section 8 Project-based Vouchers (44 Units-45%)  
 HUD Rapid Re-Housing Vouchers (49 Units-51%)

**Information**

Housing Type: Special Needs  
 Geographic Area: South and West Bay Region  
 CTCAC Project Analyst: Cynthia Compton

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	49	51%
50% AMI:	48	49%

**Unit Mix**

30 SRO/Studio Units  
 18 1-Bedroom Units  
 24 2-Bedroom Units  
 27 3-Bedroom Units  


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 99 Total Units

<b>Unit Type &amp; Number</b>	<b>2022 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
28 SRO/Studio	30%	\$884
16 1 Bedroom	30%	\$947
1 2 Bedrooms	30%	\$1,137
4 3 Bedrooms	30%	\$1,314
2 SRO/Studio	50%	\$1,473
2 1 Bedroom	50%	\$1,579
22 2 Bedrooms	50%	\$1,896
22 3 Bedrooms	50%	\$2,190
1 2 Bedrooms	Manager's Unit	\$0
1 3 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,794,632
Construction Costs	\$58,887,568
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$3,019,283
Soft Cost Contingency	\$274,592
Relocation	\$0
Architectural/Engineering	\$3,311,820
Const. Interest, Perm. Financing	\$9,797,613
Legal Fees	\$165,000
Reserves	\$511,997
Other Costs	\$4,218,409
Developer Fee	\$5,000,000
Commercial Costs	\$0
<b>Total</b>	<b>\$86,980,914</b>

**Residential**

Construction Cost Per Square Foot:	\$652
Per Unit Cost:	\$878,595
True Cash Per Unit Cost*:	\$859,729

**Construction Financing**

Source	Amount
Silicon Valley Bank - TE	\$44,565,052
Silicon Valley Bank - Taxable	\$5,848,164
County of Santa Clara - Measure A	\$9,280,000
Accrued Deferred Interest	\$325,944
City of San Jose	\$9,267,938
Accrued Deferred Interest	\$407,947
Costs Deferred Until Conversion	\$2,557,587
Deferred Developer Fee	\$1,867,694
General Partner Capital Contributions	\$632,306
General Partner Capital	\$100
Tax Credit Equity	\$12,228,182

**Permanent Financing**

Source	Amount
Silicon Valley Bank - TE	\$18,718,451
County of Santa Clara - Measure A	\$9,280,000
Accrued Deferred Interest	\$325,944
City of San Jose	\$9,675,885
Deferred Developer Fee	\$1,867,694
General Partner Capital Contributions	\$632,306
General Partner Capital	\$100
Tax Credit Equity	\$46,480,534
<b>TOTAL</b>	<b>\$86,980,914</b>

\*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$80,557,357
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$104,724,564
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$4,188,983
Total State Credit:	\$5,907,677
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,000,000
Investor/Consultant:	California Housing Partnership
Federal Tax Credit Factor:	\$0.98548
State Tax Credit Factor:	\$0.88000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Significant Information / Additional Conditions**

The reservation of tax credits is contingent upon verification by HUD of the rental subsidy contract rent amounts within 180 day of the date of reservation.

**Resyndication and Resyndication Transfer Event:** None.

**Standard Conditions**

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

**CDLAC Additional Conditions**

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.